

TO: HEADS OF GOVERNMENT DEPARTMENTS, AGENCIES, AND OTHERS CONCERNED

1. PURPOSE

This transmittal letter releases revisions to I TFM 2-4600, Treasury Reporting Instructions for Credit Reform Legislation. The "Borrowing from the Department of the Treasury" function has been transferred from the Financial Management Service to the Bureau of the Public Debt (address on Contacts page).

The appendices illustrate the revised SF 224 reporting instructions which will be effective on April 1, 1997.

2. PAGES CHANGES

Remove

I TFM 2-4600

Insert

I TFM 2-4600

3. EFFECTIVE DATE

Upon receipt.

4. INQUIRIES

Questions concerning this transmittal letter should be directed to:

Bureau of the Public Debt
Office of Public Debt Accounting
Government Investment Team
Room 114 - HB
Parkersburg, WV 26106-1328
(Telephone: 304-480-5157/5149/5150)



Russell D. Morris
Commissioner

Date: February 27, 1997

TREASURY REPORTING INSTRUCTIONS FOR CREDIT REFORM LEGISLATION

This chapter prescribes Treasury reporting instructions for Federal credit program agencies. These instructions apply to all direct loan and loan guarantee programs, except those specifically excluded by the Federal Credit Reform Act of 1990, Section 506 (the Act).

Section 4610 - Authority

Section 114 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 3513a) requires the Secretary of Treasury to prepare reports on financial operations of the U.S. Government and provides that each executive agency must furnish the Secretary of the Treasury with information relating to the agency's financial condition and operations as the Secretary may require.

Section 4615 - Definition of Terms

The following definitions apply to the credit account structure. Agencies should refer to OMB Circulars A-34 and A-11 for a more detailed explanation of terminology and budget instructions.

Cohort - Direct loans obligated or loan guarantees committed by a program in the same year, even if disbursements occur in subsequent years or the loans are modified. Modified pre-1992 direct loans will constitute a single cohort; modified pre-1992 loan guarantees will constitute a single cohort. For loans subsidized by no-year or multi-year appropriations, the cohort may be defined by the year of appropriation or the year of obligation. Contact the Office of Management and Budget (OMB) for

proper determination (see Contact page).

Direct Loan - A disbursement of funds by the Government to a non-Federal borrower under a contract requiring repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by a non-Federal lender. It also includes the sale of a Government asset on credit terms of more than 90 days duration.

Financing Account - The non-budget account or accounts associated with each credit program account for post-1991 direct loans or loan guarantees. It holds balances, receives the subsidy cost payment from the credit program account, and includes all other cash flows to and from the Government. Separate financing accounts are required for direct loans and loan guarantees.

Financing Tranche - All direct or guaranteed loans within a cohort, separately identified by risk category, that are disbursed in the same quarter and have the same maturity interval. All borrowing from Treasury and all interest earned on uninvested funds from Treasury for a given financing tranche will be at the same interest rate (yield).

The use of financing tranches is optional.

Liquidating Account - The budget account that includes all cash flows to and from the Government resulting from pre-1992 direct loans or loan guarantees. Cash flows associated with modified direct loans and loan guarantees are treated as exceptions. The liquidating accounts are the "old" credit accounts, whose transactions are counted on a cash basis in calculating budget outlays and the deficit. Liquidating accounts are not subject to credit reform accounting except for the effects of modifications.

Loan Guarantee - Any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. It does not, however, include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

Modifications - Any Government action that alters the estimated subsidy cost, compared to the estimate contained in the most recent budget submitted to Congress, of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment). Actions permitted within the terms of an existing contract are the only exception. Modifications to pre-1992 direct loans and loan guarantees are included in

this definition, as well as modifications to post-1991 direct loans and loan guarantees. For pre-1992 direct loans and loan guarantees, the loan asset or guarantee liability will be transferred from the liquidating account to the appropriate financing account. A one-time adjusting payment will be made between the liquidating and financing accounts. The subsequent cash flows will be recorded in the financing account.

Post-1991 - Direct loan obligations or loan guarantee commitments made on or after October 1, 1991, and the resulting direct loans or loan guarantees.

Pre-1992 - Direct loan obligations or loan guarantee commitments made prior to October 1, 1991, and the resulting direct loans or loan guarantees.

Program Account - The budget account into which an appropriation to cover the subsidy cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account. Usually, a separate amount for administrative expenses is also appropriated to the program account. Each program account is associated with one or two financing accounts, depending on whether the program account makes both direct loans and loan guarantees. The program account pays subsidies to the financing account for post-1991 direct loans and loan guarantees, for modifications, and for reestimates. These subsidy payments are counted in calculating budget outlays and the deficit.

Reestimates - The recalculation of the subsidy cost of each risk category within a cohort of direct loans or guaranteed loans. Reestimates must be made at the beginning of each fiscal year following the year in which the initial disbursement was made and as long as the loans are outstanding, unless a different plan is approved by OMB.

Subsidy - The estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs. In net present value terms, it is the portion of the direct loan disbursement that the Government does not expect to recover, or the portion of expected payments for loan guarantees that will not be offset by collections. The subsidy may be for post-1991 direct loan obligations or loan guarantee commitments, for reestimates of post-1991 loans or guarantees, or for modifications of any direct loans or loan guarantees.

Uninvested Fund Balance - The fund balance with Treasury that is held by the financing account, including undisbursed borrowings and offsetting collections. This balance earns interest from Treasury as determined by the weighted-average interest rate for each specific maturity range within the financing account. The interest on uninvested funds prevents any monetary penalty for borrowing early and on an estimated basis since the agency will be earning interest and paying interest expense at the same rate on the fund balance, a "zero" net effect. Interest on uninvested funds is not to be netted against interest expense at year end, each calculation must be reported separately. For further detail on offsetting collections, refer to OMB Circular A-34, Section 12.8.

Section 4620 - Credit Account Symbols

4620.10 - Program Accounts

Program account symbols are established automatically by the Financial Management Service (FMS) when appropriations are enacted for credit subsidy costs and administrative expenses in an appropriation law. These are usually

annual year general fund accounts from the series 0000-3899.

4620.20 - Financing Accounts

All credit programs require financing accounts. Separate financing accounts are required for direct loans and loan guarantees even if the subsidy costs for both are provided in the same appropriation. For new credit programs, a written request must be sent to FMS before account symbols are established for the loan financing accounts. Financing accounts are usually established as revolving funds in the public enterprise fund group series 4000-4499.

4620.30 - Special Fund Receipt Accounts

FMS also requires written requests prior to establishing account symbols for special fund receipt accounts, which will collect negative subsidies and downward reestimates. These unavailable receipt symbols are classified in the special fund receipt series 53XX.001 for negative subsidies, and series 53XX.003 for downward reestimates of the subsidy. Both accounts are preceded by a 2-digit department code (for instance, 99-53XX.001 and 99-53XX.003) and are unique for each agency's direct and/or guaranteed programs.

4620.40 - Miscellaneous Receipt Accounts

The miscellaneous receipt account for interest payments made to Treasury is automatically established by Treasury. Payments of interest to Treasury are paid to miscellaneous receipt symbol 1499, which is preceded by the agency's 2-digit department code (for instance, 99-1499).

4620.50 - Other Accounts

If any other account symbols are required by the Act, a written request must be submitted to FMS.

All written requests submitted to the FMS must include a program name, direct or guaranteed loan specification, the legislative authority for establishing the account, and any symbol previously recorded by OMB. For general information on Federal Account Symbols and Titles, refer to ITFM 2-1500 - Description of Accounts Relating to Financial Operations. These account symbols can be obtained by contacting FMS (see Contacts page).

Section 4625 - Subclass Accounts

Agencies must use subclassed accounts to distinguish certain transactions. Subclassed accounts are existing fund symbols preceded by a 2-digit prefix (for instance, [95]99X4200, [85]99X4200, and [65]99X4200). Subclassed accounts are used by agencies when repaying and borrowing funds to/from Treasury on an SF 1151: Nonexpenditure Transfer Authorization. Subclassed accounts are also used to record payment of subsidy appropriations from the program account to the financing account on an SF 224: Statement of Transactions. The subclassed accounts are established automatically by Treasury when a written request is sent to FMS (see Contacts page) to establish direct and guaranteed loan financing accounts. The subclasses are:

- * Principal Borrowing - 95
- * Principal Repayment - 85
- * Subsidy Payment - 65

Section 4630 - Interest Rates

4630.10 - Availability of Interest Rates

Interest rates for Credit Reform subsidy calculations, budget execution, borrowings, uninvested funds, and working capital balances can be obtained from the Department of Commerce Economic Bulletin Board (EBB). New interest rates are posted to the EBB each quarter by OMB and are used for agency computations during the quarter. These rates remain fixed for one quarter and are categorized with the following maturity intervals:

- * 0 years, up to and including 1 year.
- * Over 1 year, up to but not including 5 years.
- * 5 years, up to but not including 10 years.
- * 10 years, up to but not including 20 years.
- * 20 years and longer.

The rate used for subsidy calculations, borrowings, and interest on uninvested funds must be for a maturity comparable to the maturity of the direct or guaranteed loan being made to non-Federal borrowers.

4630.20 - Subscribing to the EBB

The EBB is accessible at a nominal charge through a personal computer, modem, and communications software. (See Contacts page for telephone number.)

To access the interest rates file from the Main Menu, choose "S" Stop, "S" State of the Nation, then select "7" Monetary Statistics, "S" Stop, and "D" Download a file. The file name is CR-

RATES.TRE. Data can be printed or downloaded to a disk file.

4630.30 - Actual Annual Interest Rates

OMB will distribute the actual annual interest rates approximately 5 days prior to the fiscal year end, September 30. OMB will also post these interest rates on the EBB. These rates will be used by the agency to calculate the weighted average interest rates needed for year end interest calculations and interest rate reestimates. Procedures for computing interest expense and interest income can be found in OMB Circular A-34. Inquiries concerning this paragraph should be directed to OMB (see Contacts page).

Section 4635 - Borrowing From Treasury

4635.10 - Borrowings and Repayments

The Act provides financing accounts with indefinite authority to borrow from Treasury. To streamline agency activity, agencies will borrow from Treasury, once a year, an amount that reflects estimated yearly requirements (based on figures used to calculate the subsidy appropriation, unless better estimates are available). The borrowing will be dated the first day of the fiscal year, **October 1**. If necessary, agencies may initiate another borrowing (during the fiscal year) for an additional amount, which will also be dated October 1.

If an agency has insufficient funds to make an annual interest payment to Treasury at year end, an additional borrowing should be initiated. This borrowing will be dated September 30 and will carry the same maturity date as the original borrowing. Using the September 30 date will alleviate the recalculation of the interest payment

due to Treasury and the amount of interest to be paid on uninvested funds.

Balances of borrowed but undisbursed funds will earn interest. The same weighted average interest rates will be used for the interest paid on borrowed funds and the interest earned on uninvested funds.

Amounts in excess of working capital requirements being held in financing accounts may be carried forward to the next fiscal year so long as loans are being disbursed from the cohort. The interest rate on any amount carried forward must be reset to equal the interest rate applicable to the next fiscal year. Use of these balances in future years (subsequent to the year of the original obligation) will be limited to partially financing the disbursement of loans in the same cohort for which the borrowing was originally made. After all the loans in the cohort have been disbursed, any excess balances held in the financing accounts in excess of working capital needs must be swept on the following September 30. If excess funds exist at any time, the agency may make an early repayment of principal and any accrued interest associated with that borrowing.

The maturity date for the borrowing from Treasury will be based on the period of time used in the subsidy calculation, **not the contractual term of the agency's loan to the program participant.** The period of time used in the subsidy calculation will normally be longer than the contractual term of the agency's loan to the program participant. **The maturity date for borrowings from Treasury will be September 30 of the estimated final year of the cohort.** If the estimated final date of the cohort is other than on September 30, the associated borrowing from Treasury must mature on the succeeding September 30.

The borrowings from Treasury related to a single cohort may be consolidated when the cohort has finished borrowing and disbursing. All borrowings from Treasury should mature on the final year of the cohort; however, if a cohort contains borrowings with multiple maturity dates a consolidation can be requested. A letter requesting the consolidation should be mailed to the Bureau of the Public Debt by September 30 of the year the cohort has finished disbursing its loans (see Contacts page for address). The letter must include the balances and maturity dates to be consolidated and the new maturity date for the related borrowings. The new maturity date must remain within the original maturity interval established for the cohort (refer to Section 4630.10). There will still be no penalty for prepaying a borrowing or any part thereof.

Both **borrowing and repayment of principal** transactions are reported on the SF 1151 and are addressed to the **Bureau of the Public Debt (BPD)**. The Treasury account symbol to be used is 20A8085. Only the original SF 1151 must be submitted to BPD. Agencies should submit their original borrowing estimate by October 20 of the current fiscal year. Any additional borrowings should be submitted by the third workday after the end of the month in which the upward adjustment was needed. All borrowings are effective on October 1 of the current fiscal year, regardless of when the funds were actually borrowed, except for funds borrowed to make an annual interest payment. The agency must ensure that the information in the **Transfer From, Transfer To, and Authority** sections are complete and accurate. **NOTE:** Since the **Document Number** will be assigned by Treasury when the 1151 is processed, the agency leaves this space blank.

The Bureau of the Public Debt's address is placed in the **TRANSFER FROM** column if the transaction is a borrowing, but is placed in the **TRANSFER TO** column if the transaction is a repayment, as follows:

Department of the Treasury
Bureau of the Public Debt
Office of Public Debt Accounting
Government Investment Team
Room 114 - HB
Parkersburg, WV 26106-1328

The reporting agency's address is placed in the **TRANSFER TO** column if the transaction is a borrowing, but is placed in the **TRANSFER FROM** column if the transaction is a repayment. The direct or guaranteed loan financing account symbol preceded by a subclass (95) for a borrowing or a subclass (85) for repayments is used in the column containing the reporting agency's address. The maturity date applicable to the borrowing must be indicated below the loan financing account symbol. Principal repayments must include the maturity date that applies to the repayment being made. A consolidated SF 1151 should be prepared when the financing account and the maturity date for a group of transactions are the same.

Certification - When requesting a borrowing, each SF 1151 must contain an agency certification stating that the borrowing is necessary to meet the estimated annual cash requirements and is based upon the most reliable data available. This statement and certifying signature must be included within the body of the SF 1151 document.

Authority - In this block, the legislative authorization for the borrowing transaction should be cited. For borrowings and repayments subject to this chapter, reference 2 U.S.C. 661d (formerly referenced to as Public Law 101-508, 104 Stat. 1388-613).

Signature - Borrowing transactions will be approved and signed by BPD. Repayments will be approved and signed by the authorized agency representative.

The interest paid by the financing accounts will be calculated using a weighted average interest rate (which may be an interim weighted average interest rate) according to the procedures referenced in section 4630.30. The weighted average interest rate will be recalculated at the end of any year during which disbursements were made.

4635.20 - Interest Payments to Treasury

Interest payments on the unpaid principal balance of each financing account are **required** to be paid to Treasury annually, as of the last day of the fiscal year (September 30). Interest payments are due to Treasury no later than the third workday after the close of the fiscal year. If an agency borrows funds to make an interest payment owed to Treasury, the borrowing will be dated September 30. This method will alleviate recalculating the interest payment owed to Treasury and the interest on uninvested funds.

Interest will be paid to Treasury on an SF 1081: Voucher and Schedule of Withdrawals and Credits, and reported on the Statement of Transactions (SF 224). The agency will report both the Treasury section and the agency section of the SF 1081 on its SF 224. When submitting an SF 1081 to Treasury (address on Contacts page), it must include an agency certification stating that the interest rate is calculated in accordance with OMB regulations. This statement must be included within the body of each SF 1081 submitted to Treasury by the agency. The agency must also provide a certifying signature at the bottom of each SF 1081. Treasury no longer re-

quires a separate interest payment schedule or supporting documentation to accompany the SF 1081 when making an interest payment to Treasury.

Agencies are responsible for auditing their accounts and maintaining adequate records to support any loan transactions and accrued interest computations submitted to the Bureau of the Public Debt for payment. These records should be readily available to internal auditors, Treasury, and the General Accounting Office (GAO) auditors, if necessary.

Section 4640 - Interest on Uninvested Funds

Agencies are responsible for initiating action to receive interest on direct loan and loan guarantee financing account balances. Requests for interest on uninvested funds (SF 1081) should be submitted to Treasury no later than the third workday after the close of the fiscal year. Interest should be calculated to the end of the fiscal year, September 30. Requests submitted by the deadline will be made effective for the end of the fiscal year.

A loan guarantee financing account will accumulate uninvested funds due to its collection of subsidy payments, upfront fees, and subsequent receipt of interest, fees and so forth. A direct loan financing account will accumulate uninvested funds primarily for two reasons: (1) collections of interest and principal not yet paid to Treasury at the scheduled dates and (2) borrowings from Treasury that are not immediately disbursed.

The interest received by the financing accounts will be calculated using a weighted average interest rate (which may be an interim weighted average interest rate) according to the procedures referenced in section 4630.30. The weighted average interest rate will

be recalculated at the end of any year during which disbursements were made. Supporting documentation should accompany the SF 1081 showing the computations used to calculate the amount of interest due from Treasury. Interest should be calculated to the end of the fiscal year, September 30. The actual annual interest rates used to calculate the weighted average interest rates are made available by OMB as explained in section 4630.30.

The agency will prepare an SF 1081 to be submitted to Treasury. (See address on Contacts page.) When requesting a payment of interest on uninvested funds, an agency certification must be included in the body of the SF 1081 stating that the computations and the amount of the interest payment requested are in accordance with the Act.

Treasury will report both the Treasury section and the agency section of the SF 1081 on Treasury's SF 224, Statement of Transactions. Treasury symbol, 20X1880, Credit Reform: Interest Paid on Uninvested Funds, is the account to be charged for interest. A completed copy of the SF 1081 will be returned to the billing agency.

Agencies are responsible for auditing their accounts and maintaining adequate records to support any interest receivable transactions submitted to FMS for payment. These records should be readily available to internal auditors, Treasury, and GAO auditors, if necessary.

Section 4645 - Appropriations

4645.10 - Definite Appropriations

Definite appropriations of subsidy and administrative expenses

enacted by Congress will be warranted by Treasury.

4645.20 - Indefinite

The Act authorizes three different indefinite appropriations. First, the program accounts have indefinite authority to cover subsidy reestimates. Second, indefinite authority is provided to liquidating accounts for payment of outstanding obligations that cannot be funded by another source. Third, indefinite authority exists for modification adjustment transfers from the general fund to the financing account. A written request must be submitted to Treasury to obtain funds authorized by these indefinite authorities. **An SF 132 and/or 142: Apportionment and Reapportionment Schedule, as approved by OMB must accompany each request.** After reviewing the requisite materials, FMS will process a warrant for the requested amount.

Section 4650 - Credit Account Transactions and Reporting Procedures

The collections and disbursements of each credit account are described below; however, only sample transactions, as recorded on Section I of the Statement of Transactions, are provided. Agencies are required to submit a balanced Statement of Transactions document to Treasury with Sections II and III completed. Agencies should refer to I TFM 2-3300 for guidance.

4650.10 - The Program Account

The program account receives an appropriation by warrant for either current definite, current indefinite, or permanent indefinite authority to pay administrative expenses and subsidy costs. When a direct loan or loan guarantee is dis-

bursed to a private lender, or a modification or reestimate is made, the program account pays a subsidy to that financing account. The subsidy may be for post-1991 direct loans or loan guarantees, modifications of any direct loans or loan guarantees, or reestimates of post-1991 direct loans or loan guarantees.

Administrative Expenses -

Administrative Expenses may be paid directly from the program account or paid to another account (for example, salaries and expenses) on a reimbursable basis. For example, if the program account (99FY1234) directly pays administrative expenses of \$3000, use column 3 of the Statement of Transactions to record the disbursement. When administrative expenses in the program account are on a reimbursable basis, the transaction appears as an expenditure transfer from the program account to the receiving account. For example, use column 3 of the Statement of Transactions to record the outlay from the program account (99FY1234) and use column 2 to record the offsetting collection in the receiving account (99FY0100). (See Appendix 1.)

Subsidy - See examples of Subsidy payments in the Financing Account transactions section, below.

4650.20 - Financing Account - Direct Loans

The direct loan financing account records all cash flows associated with direct loan obligations. These transactions include:

- **Subsidy from the program account** - The subsidy amount is transferred from the program account into the financing account and may be for post-1991 direct loans, modifications of all direct loans, or reestimates of post-1991 direct

loans. For example, if the financing account (99X4200) receives subsidy from the program account (99FY1234) of \$2,000, a collection is recorded in column 2 for the financing account and the outlay from the program account is recorded in column 3 of the Statement of Transactions. NOTE: The financing account is a subclassed account for subsidy transfer. (See Appendix 2.)

- **Borrowing from Treasury** - The financing account borrows to finance the balance of the loan disbursement to non-Federal borrowers, which is not covered by the subsidy. Borrowing from Treasury is recorded on the SF 1151: Non-Expenditure Transfer Authorization document.
- **Collections** - The collections by the financing account are repayments of principal and interest from non-Federal borrowers, fees, proceeds from the liquidation of capital assets, proceeds from the sale of loans or collateral, and other miscellaneous receipts related to the disbursement of a loan. For example, if the financing account (99X4200) receives fees, principal and interest from the public, and other miscellaneous receipts of \$4,000, the collections are recorded in column 2 of the Statement of Transactions. (See Appendix 2.)
- **Interest Earnings** - The financing account will earn interest on the uninvested fund balance in the account. Interest earnings must be calculated by the agency and verified by Treasury. The interest earnings are re-

corded on an SF 1081 and should be mailed to the Credit Accounting Branch (see Contacts page). The earnings are reported on Treasury's Statement of Transactions.

- **Repayment of Borrowings and Payment of Interest to Treasury** -

The repayment of principal borrowed is recorded on the SF 1151. The payment of interest is recorded on the SF 1081 and reported on the agency's Statement of Transactions. For example, if the financing account (99X4200) pays interest on borrowings of \$2,000, the payment of interest is recorded in column 3 of the Statement of Transactions and the receipt of interest is recorded in column 2 for the appropriate Treasury receipt account (991499). The Treasury receipt account symbol is "1499" preceded by the agency's two-digit department code. The SF 1081 is mailed to the Bureau of the Public Debt. (See Appendix 2.)

- **Direct Loan Disbursement** -

The direct loan financing account disburses the loan to a non-Federal borrower after a valid contract has been made. For example, a loan of \$3,000 is disbursed from the financing account (99X4200) to a non-Federal borrower. The loan disbursement is recorded in column 3 of the Statement of Transactions. (See Appendix 2.)

- **Loan Modifications** -

When a pre-1992 direct loan is modified, it becomes subject to credit reform accounting. The direct loan asset is transferred from the

liquidating account to the direct loan financing account, and a one time adjusting payment is made from the financing account to the liquidating account. The subsequent cash flows are recorded in the financing account. For example, if a liquidating account (99X4203) transfers a pre-1992 direct loan of \$2,000 to the financing account (99X4200), a one-time adjusting payment of \$2,000 is made from the financing account to the liquidating account. The loan disbursement by the financing account is recorded in column 3 of the Statement of Transactions. The offsetting collection by the liquidating account is recorded in column 2. (See Appendix 2.)

- **Negative Subsidy and Reestimates** -

When the estimated subsidy is negative, an amount equal to the negative subsidy will be paid from the financing account to a special fund receipt account for that program at the time the direct loan is disbursed. If a subsidy reestimate for a cohort is negative, the amount of that reestimate is recorded in the same way but to a different special fund receipt account (9953XX.003). For example, if an amount equal to the negative subsidy of \$3,000 is paid from the financing account (99X4200) to a Treasury special fund receipt account (9953XX.001), the payment from the financing account is recorded in column 3 of the Statement of Transactions and the collection by the special fund receipt account is recorded in

column 2. (See Appendix 2.)

4650.30 - The Financing Account - Loan Guarantees

All cash flows associated with loan guarantee commitments are recorded in the guaranteed loan financing account. This account provides a reserve to pay default claims on loan guarantees (and in some cases to pay interest supplements).

Subsidy from the Program Account

The subsidy amount is transferred from the program account into the financing account and may be for post-1991 loan guarantees, modifications of any loan guarantees, or reestimates of post-1991 loan guarantees. For example, if the financing account (99X4201) receives subsidy from the program account (99FY1234) of \$2,000, a collection is recorded in column 2 for the financing account and the outlay from the program account is recorded in column 3 of the Statement of Transactions. NOTE: The financing account is a subclassed account for subsidy transfer. (See Appendix 3.)

Borrowing from Treasury

Funds may be borrowed to meet default claims in excess of the loan guarantee financing account's cash balance or in advance of expected collections from the public or subsidy reestimates. Borrowing from Treasury is recorded on the SF 1151: Non-Expenditure Transfer Authorization document.

Collections - The collection of loan origination fee proceeds from the liquidation of capital assets and other miscellaneous receipts related to the loan guarantee process are recorded in the financing account. For example, if \$4,000 in loan origination and other fees associated with loan guarantees are collected in the financing account (99X4201), the collections are re-

corded in column 2 of the Statement of Transactions. (See Appendix 3.)

Interest Earnings - The financing account will earn interest on the uninvested fund balance in the account. The interest on uninvested funds will be calculated by the agency but verified by Treasury. The interest earnings are recorded on an SF 1081 and mailed to Treasury's Credit Accounting Branch (address on Contacts page). The earnings are reported on Treasury's Statement of Transactions.

Repayment of Borrowings from Treasury and Payment of Interest - The repayment of principal borrowed is recorded on the SF 1151. The payment of interest is recorded on the SF 1081 and reported on the agency's Statement of Transactions. For example, if the financing account pays interest on borrowings from Treasury of \$2,000, use column 3 of the Statement of Transactions to record the payment of interest from the financing account (99X4201) and column 2 to record the interest payment in the appropriate Treasury receipt account (991499). The Treasury receipt account symbol is "1499" preceded by the agency's two-digit department code. The SF 1081 is mailed to Treasury's Bureau of the Public Debt. (See Appendix 3.)

Loan Guarantee Claims - When a loan guarantee is in default, the defaulted loan claim of the non-Federal lender is paid from the financing account. For example, if the financing account (99X4201) disburses \$2,000 to the non-Federal lender for defaulted loans, the payment of the loan

claim is recorded in column 3 of the Statement of Transactions. (See Appendix 3.)

Interest Supplements - As part of the loan guarantee contract, the agency may be required to provide an interest differential to the non-Federal lender. These interest supplement payments are recorded in the financing account and disbursed to non-Federal lenders. For example, if the financing account (99X4201) pays \$2,000 in interest supplements to the non-Federal lender, use column 3 of the Statement of Transactions to record the disbursement. (See Appendix 3.)

Loan Modification for Loan Guarantees - When a pre-1992 loan guarantee is modified it becomes subject to credit reform accounting. The guarantee liability is transferred from the liquidating account to the financing account. A one-time adjusting payment will be made from the liquidating account to the financing account. The subsequent cash flows will be recorded in the financing account. For example, if the liquidating account transfers a pre-1992 loan guarantee of \$2,000 to the financing account, a one-time adjusting payment is made from the liquidating account (99X4203) to the financing account (99X4201). The outlay from the liquidating account is recorded in column 3 of the Statement of Transactions and the payment to the financing account is recorded in column 2 as a collection. (See Appendix 3.)

Negative Subsidy and Reestimates - When the estimated subsidy is negative, an amount equal to the negative subsidy will be paid from the financing account to a special fund receipt account for

that program when the loan guarantee is disbursed. If a subsidy reestimate for a cohort is negative, the amount of that reestimate is recorded in the same way but to a different special fund receipt account (9953XX.003). For example, if the financing account pays an amount equal to the negative subsidy of \$3,000 to a Treasury special fund receipt account, the payment from the financing account (99X4201) is recorded in column 3 of the Statement of Transactions. The collection by the special fund receipt account (9953XX.001) is recorded in column 2. (See Appendix 3.)

4650.40 - The Liquidating Account

Disbursements and collections resulting from pre-1992 direct loan obligations and loan guarantee commitments are recorded in the liquidating account. Transactions in this account have not been revised as a result of credit reform. However, the following new transaction will occur in this account:

- **Excess Collections** - If the liquidating account receives collections in excess of the account liability, the collections are returned to Treasury via an SF 1151: Non-Expenditure Transfer Authorization as a capital transfer. The excess collections are returned to the miscellaneous receipt account "2814" preceded by the agency's two-digit department code.

CONTACTS

Inquiries concerning borrowings from Treasury, repayments to Treasury, and interest payments to Treasury should be directed to:

Bureau of the Public Debt
Office of Public Debt Accounting
Government Investment Team
Room 114 - HB
Parkersburg, WV 26106-1328
(Telephone 304-480-5157/5149/5150)

Inquiries on credit account transactions and subclassed accounts should be directed to:

Budget Reports Branch
Financial Management Service
Department of the Treasury
3700 East-West Highway
Room 518D - PGMC II
Hyattsville, MD 20782
(Telephone 202-874-9880)

Inquiries and written requests concerning credit account symbols and appropriations should be directed to:

Finance Management Branch
Financial Management Service
Department of the Treasury
3700 East-West Highway
Room 6F06 - PGMC II
Hyattsville, MD 20782
(Telephone 202-874-9950/9770)

CONTACTS (cont.)

Inquiries concerning interest on uninvested funds should be directed to:

**Credit Accounting Branch
Financial Management Service
Department of the Treasury
3700 East-West Highway
Room 6D37 - PGMC II
Hyattsville, MD 20782
(Telephone 202-874-8740)**

Inquiries concerning actual annual interest rates should be directed to:

**Office of Management and Budget
Budget Analysis and Systems Division
Budget Analysis Branch
NEOB, Room 6002
725 17th Street, NW.
Washington, DC 20503
(Telephone 202-395-3945)**

To subscribe to the Department of Commerce Economic Bulletin Board referenced in section 4630.20, call (202) 482-1986.

APPENDICES LISTING

App. No.	Form	Title
1	SF 224	Statement of Transactions - Program Account
2	SF 224	Statement of Transactions - Financing Account - Direct Loans
3	SF 224	Statement of Transactions -Financing Account - Guaranteed Loans

This page is intentionally blank

PROGRAM ACCOUNT
NOT AUTHORIZED FOR REPRODUCTION

Standard Form 224
 Revised 5-82
 Department of the Treasury

STATEMENT OF TRANSACTIONS

(Classified According to Appropriation, Fund and Receipt Account, and Related Control Totals)

DEPARTMENT OR AGENCY	LOCATION - MAIL ADDRESS OF REPORTING OFFICE	AGENCY LOCATION CODE (ALC)
BUREAU OR OFFICE		ACCOUNTING PERIOD ENDED

Section I— Classification of Disbursements and Collections by Appropriation, Fund and Receipt Account

APPROPRIATION FUND OR RECEIPT ACCOUNT	RECEIPTS AND COLLECTIONS CREDITED TO APPROPRIATION OR FUND ACCOUNTS (2)	GROSS DISBURSEMENTS (3)
<u>PROGRAM ACCOUNT</u>		
Administrative Expenses - Direct Payment: 99FY1234		3,000
Administrative Expenses - Transfer: 99FY1234 99FY0100	3,000	3,000
Subsidy Payment - See Direct Loan or	Guaranteed Loan Subsidy Transactions	

This page is intentionally blank

**FINANCING ACCOUNT - DIRECT LOANS
NOT AUTHORIZED FOR REPRODUCTION**

Standard Form 224

Revised 5-82

Department of the Treasury

STATEMENT OF TRANSACTIONS

(Classified According to Appropriation, Fund and Receipt Account, and Related Control Totals)

DEPARTMENT OR AGENCY	LOCATION - MAIL ADDRESS OF REPORTING OFFICE	AGENCY LOCATION CODE (ALC)
BUREAU OR OFFICE		ACCOUNTING PERIOD ENDED

Section I—Classification of Disbursements and Collections by Appropriation, Fund and Receipt Account

APPROPRIATION FUND OR RECEIPT ACCOUNT (1)	RECEIPTS AND COLLECTIONS CREDITED TO APPROPRIATION OR FUND ACCOUNTS (2)	GROSS DISBURSEMENTS (3)
FINANCING ACCOUNT - DIRECT LOANS		
Subsidy from the Program Account:		
(65)99X4200 99FY1234	2,000	2,000
Collections:		
99X4200	4,000	
Payment of Interest on Treasury Borrowings:		
99X4200 991499	2,000	2,000
Direct Loan Disbursement:		
99X4200		3,000
Loan Modifications:		
99X4200 99X4203	2,000	2,000
Negative Subsidy:		
99X4200 9953XX.001	3,000	3,000

This page is intentionally blank

FINANCING ACCOUNT - GUARANTEED LOANS
NOT AUTHORIZED FOR REPRODUCTION

Standard Form 224 Revised 5-82 Department of the Treasury		
STATEMENT OF TRANSACTIONS (Classified According to Appropriation, Fund and Receipt Account, and Related Control Totals)		
DEPARTMENT OR AGENCY	LOCATION - MAIL ADDRESS OF REPORTING OFFICE	AGENCY LOCATION CODE (ALC)
BUREAU OR OFFICE		ACCOUNTING PERIOD ENDED
Section I—Classification of Disbursements and Collections by Appropriation, Fund and Receipt Account		
APPROPRIATION FUND OR RECEIPT ACCOUNT (1)	RECEIPTS AND COLLECTIONS CREDITED TO APPROPRIATION OR FUND ACCOUNTS (2)	GROSS DISBURSEMENTS (3)
<u>FINANCING ACCOUNT - GUARANTEED LOANS</u>		
Subsidy from the Program Account:		
(65)99X4201	2,000	
99FY1234		2,000
Collections:		
99X4201	4,000	
Payment of Interest on Treasury Borrowings:		
99X4201		3,000
991499	3,000	
Guaranteed Loan Claims:		
99X4201		2,000
Interest Supplement Payments:		
99X4201		2,000
Loan Modifications:		
99X4201	2,000	
99X4203		2,000
Negative Subsidy:		
99X4201		3,000
9953XX.001	3,000	